

Office of the Yavapai County Attorney
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2012 JAN 12 PM 5:39 ✓

BY: 

5 IN THE SUPERIOR COURT

6 STATE OF ARIZONA, COUNTY OF YAVAPAI

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8 STATE OF ARIZONA,

9 Plaintiff,

10 vs.

11 JAMES ARTHUR RAY,

12 Defendant.

V1300CR201080049

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**STATE'S NOTICE OF AREAS
OF INQUIRY INTO DEFENDANT'S
REQUEST TO PROCEED AS INDIGENT
ON APPEAL**

(The Honorable Warren Darrow)

14 Comes now the State of Arizona, through undersigned counsel, and respectfully submits
15 the following areas of inquiry for the Court's consideration in questioning Defendant regarding
16 his request to proceed as indigent on appeal.

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1. Defendant's Financial Statement filed on December 26, 2011

- a. What is the source of income contributing to the reported average balance in a checking account of \$2,000?
- b. What property is incurring a monthly utility expense of \$500? Who is the owner of this property? Why is Defendant claiming this as his expense when he otherwise lists no rent or mortgage payments?
- c. It was represented at the bail hearing that Defendant had paid over \$1.5 million in advance toward his defense. Is the \$5.6 million in "legal fees" claimed as a debt on Defendant's Financial Statement in addition to this amount? Is there any documentation, such as a fee agreement, supporting this claimed debt?
- d. It was represented at trial that the civil suits against Defendant had been settled by his insurance carriers. What lawsuits are included in the "\$5 million in lawsuits" debt listed on the financial statement? Is there any documentation supporting this claimed debt?

- e. Defendant's bail, in the amount of \$500,000, has been exonerated. What funds or collateral was used to post the bail? If funds were used, what is the current status of those funds?
- f. On the financial statement, Defendant lists no vehicles, stocks or bonds, furniture, jewelry, paintings, or other collectibles. This area should be the subject of Court inquiry.

2. Status of royalties and other sources of income

- a. How much in royalties or other income does Defendant receive from his publications and videos, including The Secret, which is still being sold as a DVD and a book?
- b. A search on the internet indicates Defendant is still marketing products and services through his company Life Results (<http://liferesultsnow.com>). Where are the profits, if any, reflected in Defendant's financial statement?
- c. What is the current financial status of James Ray International, Inc., White Wolf International LLC., Institute for Global Harmony and Integration, LLC., Quantum Shift, LLC., and Life Results, LLC. Does Defendant receive any funds in any form from any of these companies?
- d. Does Defendant receive any income from his personal motivational coaching services currently advertised and sold on the internet via Life Results, LLC, James Ray International, or any other company?

3. Defendant's previous Net Worth Statement (Exhibit A)¹

- a. The Asset Detail Schedule set forth in Exhibit A was provided to the Court at the bail hearing in this case as representative of the Defendant's net worth. The Asset Detail Schedule reflects \$240,294 in a Morgan Stanley IRA. What is the status of the IRA?
- b. The Asset Detail Schedule reflects a retirement pension from AT&T to begin payment at age 65. What is the cash value of the pension?
- c. The Asset Detail Schedule lists multiple properties with the listed owner as "Trust" and "J&J." Who are the parties to the "Trust" and what is the status of the listed properties? What is the financial status of the listed Trusts? Who or what is "J&J"?
- d. The Asset Detail Schedule lists four vehicles, including a 1996 Porsche. What is the status of each of these vehicles? What vehicle does Defendant drive today?
- e. The Asset Detail Schedule lists "household furnishings," "arts & antiques," and "jewelry" with an unstated value. What is the status and value of those items?

¹ This document was provided to the State as an attachment to a letter dated Feb. 2, 2010. It was included as an attachment to Defendant James Arthur Ray's Notice of Motion for Reduced Bail; Memorandum of Points and Authorities and Declaration of Luis Li in Support Thereof.

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1 RESPECTFULLY submitted this 12th day of January, 2012.

4 By Sheila S. Polk
5 SHEILA SULLIVAN POLK
6 YAVAPAI COUNTY ATTORNEY

7 **COPIES** of the foregoing emailed this 12th day
8 of January, 2012, to:

9 Hon. Warren Darrow
10 RGearhart@azcourts.gov

11 Thomas Kelly
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14 Luis.Li@mto.com

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19 By: Kathy Durrer
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COPIES of the foregoing delivered this 12th
day of January, 2012, to:

Thomas Kelly
via courthouse mailbox

Luis Li, Truc Do, Miriam Seifter
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LLP355 S. Grand Avenue, 35th Floor
Los Angeles, CA 90071-1560
via U.S. Mail

By: Kathy Durrer

Mr. James A. Ray
NET WORTH STATEMENT
January 2010

ASSETS	Amount	LIABILITIES	Amount
INVESTMENTS	Owner(s) [1]		
Morgan Stanley Smith Barney #410-07010-19 872 (12/31/09)	Trust	2009 Tax Liability	Review
Investments Subtotal		Morgan Stanley Smith Barney LOC #410-0935E-12 872 (12/31/09)	\$0
RETIREMENT ACCOUNTS	Owner		
Morgan Stanley Smith Barney SEP-IRA #410-20631-14 872 (12/31/09)	JAR	Deferred Taxes at 40%	21,581
Morgan Stanley Smith Barney IRA R/O #410-6112C-14 872 (12/31/09)	JAR	Deferred Taxes at 40%	74,616
Retirement Accounts Subtotal			\$96,197
JAMES RAY INTERNATIONAL, INC.			
Wells Fargo Bank #306-7177287 (10/31/09)	0	Wells Fargo LOC (\$60K available credit) (5/15/09)	60,000
General Operating			
Wells Fargo Bank #778-7647180 (10/31/09)	0		
Merchant Account			
Other Current Assets (10/31/09)	920,673	Current Liabilities (10/31/09)	5,337,944
Cash	19,000		
Inventory Assets	328,926		
Cleaning	Review		
Employee Reimbursement	101		
Accounts Receivable	Review		
Loans Receivable	(3,072)		
Security Deposits	6,886		
Prepaid Expenses	100,703		
Fixed Assets	468,129		
INSTITUTE FOR GLOBAL HARMONY AND INTEGRATION, LLC (IC CORP)			
Morgan Stanley Smith Barney #410-71709 (12/31/09)	98		
Western Asset Money Market			
Other Current Assets (est.)	2,807		
Accounts Receivable			
WHITE WOLF INTERNATIONAL, LLC (E CORP)			
Morgan Stanley Smith Barney #410-0331B-17-872 (12/31/09)	0		
Western Asset Money Market			
AT&T			
Employee Benefits			
Pension (\$924mo beg @ age 65) (est.)	N/A		
JRI, IGH and White Wolf Subtotal	\$923,578		\$3,397,944
REAL ESTATE (est.)	Owner(s)		
5927 Balfour Ct., Ste #104 Carlsbad, CA	Trust	Mortgage (Fullerton Community Bank @ Prime + 3/4) (12/08)	(4) 1,006,156
5927 Balfour Ct., Ste #105 Carlsbad, CA	Trust	Mortgage (Fullerton Community Bank 5 yr fixed @ 6.69%) (12/08)	(5) 440,189
783 Rise Canyon Dr Henderson NV	Trust	Mortgage (Chase 30 yr fixed @ 6.433%) (12/08)	288,707
Las Vegas Palms	Trust	Mortgage (WF 5-1 ARM @ 6.125%) (2013 exp) (12/08)	471,868
Las Vegas City Center	Trust [2]	Mortgage (WF 30 yr fixed @ 5.75%) (12/08)	281,821
78-6800 Ala Dr., #1-202 Kailua Kona, HI	Trust	HELOC (WF \$220K limit) (12/08)	220,000
108 W 2nd St #604, Los Angeles, CA	Trust	Mortgage (Chase ARM @ 5.885%) (7/1/11 exp) (12/08)	304,862
J&J Investment Property (est.)	J&J	Mortgage (review terms)	Review
Real Estate Subtotal			\$3,011,204
MISCELLANEOUS ASSETS	Owner(s)		
Household Furnishings	JAR	BoA Visa LOC (\$20K available credit)	0
Arts & Antiques	JAR		
Jewelry	JAR		
Automobiles	JAR [3]		
2008 Mercedes CL63 (leased vehicle)			
1998 Dodge Durango			
1997 Range Rover			
1996 Porsche 911			
Miscellaneous Assets Subtotal			\$0
TOTAL ASSETS		TOTAL LIABILITIES	
	\$4,296,346		\$8,606,346
NET WORTH			
	(\$4,204,997)		

Notes:

- [1] Price per share as of the close of the market on January 20, 2010.
[2] The purchase price of your Las Vegas City Center property is \$1,700,000. Both units are currently under construction.
[3] Fixed assets include \$53,705 for your automobiles.
[4] The mortgage for Balfour Unit 104 has a 3 year pre-payment penalty that will expire around 2010.
[5] The mortgage for Balfour Unit 105 has a 5 year pre-payment penalty that will expire around 2013.
The attached document, AD-11, is an integral part of this presentation.

James A. Ray

Date

Mr. James A. Ray
ASSET DETAIL SCHEDULE
January 2010

Investments

Morgan Stanley Smith Barney IRA-SEP-IRA #410-8791D-19 872 (12/31/09)

Ticker	Shares	Price	Description	Value	Date Acquired	Basis	Margin Loans	Owner
			Western Asset Money Market Fund	\$194		\$194		Trust
			Various International Stocks	\$3		162,672		
Total				\$227		\$162,866	\$0	

Morgan Stanley Smith Barney IRA-SEP-IRA #410-8838E-12 872 (12/31/09)

Ticker	Shares	Price	Description	Value	Date Acquired	Basis	Margin Loans	Owner
			Express Credit Line (Prime - 1%)	\$0				
Total				\$0		\$0	\$0	

IRAs/Retirement Accounts

Morgan Stanley Smith Barney IRA-SEP-IRA #410-20631-14 872 (12/31/09)

Ticker	Shares	Price	Description	Value	Date Acquired	Basis	Owner
			Dreyfus Liquid Assets Inc.	\$3,743		\$5,743	JAR
			Various Large Cap Equities	38,711		31,810	
ale	105	57.67	Energy Select Sector Spdr	6,113		5,361	
gld	34	107.31	Spdr Gold Tr	3,649		3,005	
oil	255	14.66	Financial Select Sector Spdr	3,736		2,042	
Total				\$53,954		\$46,954	

Morgan Stanley Smith Barney IRA-SEP-IRA #410-4112C-14 872 (12/31/09)

Ticker	Shares	Price	Description	Value	Date Acquired	Basis	Owner
			Dreyfus Liquid Assets Inc.	\$13,589		\$13,669	JAR
			Various Large Cap Equities	120,585		111,837	
ale	386	57.67	Energy Select Sector Spdr	21,107		17,913	
gld	117	107.31	Spdr Gold Tr	12,555		10,591	
oil	855	14.66	Financial Select Sector Spdr	9,802		6,150	
Total				\$186,539		\$159,090	

James Ray International, Inc.

Wells Fargo Bank #044717387 (12/31/09)

Ticker	Vested Shares	Price	Description	Vested Value	Date Acquired	Basis	Loans	Owner
			General Operating	\$0		\$0		JAR
Total				\$0		\$0	\$0	

Wells Fargo Bank #7767827180 (12/31/09)

Ticker	Vested Shares	Price	Description	Vested Value	Date Acquired	Basis	Loans	Owner
			Marketing Account	\$0		\$0		JAR
Total				\$0		\$0	\$0	

Other Current Assets (12/31/09)

Ticker	Vested Shares	Price	Description	Vested Value	Date Acquired	Basis	Loans	Owner
			Cash	\$19,000		\$19,000		JAR
			Inventory Assets	326,926		Review		
			Cleaning	Review		Review		
			Employee Reimbursement	101		Review		
			Accounts Receivable	Review		Review		
			Loans Receivable	-3,072		Review		
			Security Deposits	6,886		Review		
			Prepaid Expenses	100,703		Review		
			Fixed Assets	468,120		Review		
Total				\$820,673		\$19,000	\$0	

Mr. James A. Ray
ASSET DETAIL SCHEDULE
January 2018

Institute for Global Harmony and Information, LLC (C Corp)

Morgan Stanley Smith Barney #410-71709 (12/31/09)

Ticker	Vested Shares	Price	Description	Vested Value	Date Acquired	Base	Loans	Owner
			Western Asset Money Market	\$98		\$98		IBIS
Total				\$98		\$98	\$0	

Other Current Assets \$98

Ticker	Vested Shares	Price	Description	Vested Value	Date Acquired	Base	Loans	Owner
			Accounts Receivable	\$2,807		\$2,807		IBIS
Total				\$2,807		\$2,807	\$0	

White Wolf International, LLC (S Corp)

Morgan Stanley Smith Barney #410-71709 (12/31/09)

Ticker	Vested Shares	Price	Description	Vested Value	Date Acquired	Base	Loans	Owner
			Western Asset Money Market	\$0		\$0		WWI
Total				\$0		\$0	\$0	

AT&T

Ticker	Shares	Price	Description	Vested Value	Date Acquired	Base	Loans	Owner
			Pension (\$924/mo beg @ age 65) (est.)	N/A				
Total				\$0		\$0	\$0	

Real Estate

List all properties

Type	Original Cost	Location	Value	Date Acquired	Mortgage Rate	Mortgage Balance	Owner
Corporate Office (est.)	Balfour Balfour Unit 105 (est.)		\$900,000		Prime + 3/4%	1,000,196	Trust
est.	Las Vegas Home		400,000	Hardy Bank 5 yr fixed @ 6.69%		143,189	Trust
est.	Vegas Home		190,000	Chase 30 yr fixed @ 6.433%		285,767	Trust
est.	Vegas City Center		470,000	WF 5 1 ARM @ 6.125% (2008)		471,009	Trust
est.	Hawai Home		332,600				Trust
Rental Unit (est.)	Hawai Home		605,000	4/5 30 yr fixed @ 5.75%		287,811	Trust
est.	Los Angeles, CA		200,000	set ARM @ 5.885% exp 7/1/11		304,862	Trust
	WJ Investment Property		39,450	interest terms		Review	J&J
Total			\$3,132,050			\$2,781,204	

Miscellaneous Assets/Accounts Payable/Accounts Receivable

List all accounts

Description	Value	Loan Rate	Loan Balance	Owner
Household Furnishings	Review			J&J
Arts & Antiques	Review			J&J
Jewelry	Review			J&J
Automobiles	Review			J&J
2008 Mercedes GL63 (leased vehicle)				
1998 Dodge Durango				
1997 Range Rover				
1996 Porsche 911				
Total	Review		\$0	

Notes:

The material is based upon information included in our records as well as information received from you and third parties. We do not represent that such information is accurate or complete, and it should not be relied upon as such. The Ayco Company and its affiliates have not verified and are not responsible for the accuracy or completeness of information that was provided by you or a third party. This information is current and is subject to change without notice.